



**CONTAINER CORPORATION
OF AMERICA
CHICAGO, ILLINOIS**



ANNUAL REPORT

**FISCAL YEAR ENDING
DECEMBER 31, 1927**

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OF AMERICA
CHICAGO, ILLINOIS

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Annual Report
FISCAL YEAR ENDING
DECEMBER 31, 1927

February 21, 1928

CONTAINER CORPORATION OF AMERICA

CHICAGO, ILLINOIS

February 21, 1928.

To the Stockholders of
Container Corporation of America:

We are submitting herewith consolidated balance sheet and profit and loss account of Container Corporation of America, Mid-West Box Company and Chicago Mill Paper Stock Company for the twelve months ending December 31, 1927.

At the time of writing a similar letter last year to our stockholders we stated that the outlook for 1927 was quite encouraging and that the year should be a satisfactory one. We are now gratified that the attached figures fully justify our conservative optimism expressed a year ago.

During the calendar year of 1927 our funded indebtedness, deferred liabilities and preferred stocks were reduced by an aggregate amount of \$2,460,575.00. We have now sufficient Container Corporation first mortgage bonds in our Treasury to take care of all of our 1928 maturity at the maximum rate, in addition to all the bonds, at a minimum rate, to meet 1929 maturities; we also have in our Treasury sufficient debentures to take care of our full maturities for 1928, 1929 and 1930. In addition thereto we paid out dividends to the Preferred stockholders of Container Corporation and Mid-West Box Company in the amount of \$262,998.00, and to our Container Corporation A and B Common stockholders \$277,974.55, or an aggregate dividend disbursement of \$540,972.55.

The ratio of our current assets to current liabilities, as per attached balance sheet, is 4.4 to 1 as against 3.8 to 1 a year ago; our cash alone is sufficient to cover very nearly all of our current liabilities. While our current assets show a decrease of \$925,628.83, our current liabilities, in spite of a liberal provision at the rate of $13\frac{1}{2}\%$ for Federal income tax, show a reduction of \$342,475.71. Our inventories were reduced during the year by \$489,952.78, which of course means a substantial saving in interest, storage and insurance costs.

During the year of 1927 we sold the Clifton Plant of the Mid-West Box Company, situated in Chicago, and consolidated the business with our Ogden Avenue Plant operations, which allowed us to reduce overhead and handling charges considerably.

The consolidated income account shows a net profit after all interest, depreciation, administrative and selling expenses, and Federal income tax reserve, of \$1,409,748.47, as against a profit of \$423,624.73 for the last half of 1926. (The Container Corporation of America was formed as of July 1, 1926, and therefore a comparative twelve-months figure is not available.)

Capital improvements and additions, which could not fairly be expensed, aggregated a total expenditure for the year of \$320,297.57. Generally speaking, our plants are in very good physical condition and considerable improvements in operating costs have been made during the year.

As far as the future outlook is concerned, we believe that, due to some growth of competition and a certain amount of over-capacity existing in our industry similar to so many other industries in the country, a fair margin of profit will be made in the future, much as in the past, by those organizations whose costs are low and whose merchandising departments are functioning most efficiently. From the results of operations for the first month of the year and orders on hand for the next two months, we believe that the net income for the first quarter will be somewhat better than for the corresponding period of 1927. Beyond that, we are looking forward to 1928 with conservative confidence, but also with the realization that general business conditions in the country will naturally have a large effect upon our own situation.

Respectfully submitted on behalf of the Officers and the Board of Directors.

WALTER P. PAEPCKE,
President.

CONTAINER CORP. AND SUBSIDIARIES

Consolidated Balance sheet

ASSETS

Current Assets:

Cash.....	\$ 564,330.04
Accounts and Notes Receivable less Re- serves.....	837,589.70
Inventories certified by the management as to quantities and condition priced at cost or market, whichever lower	1,541,946.61
Total Current Assets	\$ 2,943,866.35

OTHER NOTES AND ACCOUNTS RECEIVABLE..... 169,050.63

DEFERRED CHARGES TO FUTURE OPERATIONS..... 573,630.97

Fixed Assets:

Land.....	\$ 2,803,184.13
Buildings.....	5,880,952.32
Machinery and Equipment.....	8,406,127.78
Furniture and Fixtures.....	55,443.01
*Together.....	\$17,145,707.24
Less—Reserve for Depreciation.....	1,451,012.36
	15,694,694.88
ORGANIZATION EXPENSE.....	49,735.04

*Includes Container Corporation of America properties (\$14,399,051.07) at cost at date of acquisition, July 1, 1926, based on sound values as appraised by Day & Zimmerman, Inc., plus additions since at cost; Mid-West Box Co. properties (\$2,731,187.63) at book values; and other property (\$15,468.54).

**After giving effect to the retirement on January 1, 1928 of \$138,500.00 par value and payment of bond interest for which funds were on deposit in the sinking fund.

NOTE: Merchandise in Transit to the Mid-West Box Co., (\$43,193.18) has not been included in the inventories nor in the liabilities.

\$19,430,977.87

RAILROAD OF AMERICA RY COMPANIES

Sheet—December 31, 1927

LIABILITIES AND NET WORTH

Current Liabilities:

Accounts Payable.....	\$ 341,449.13
Interest, Wages, Taxes, etc., Accrued.....	113,008.19
Reserve for Federal Income Taxes subject to final review and determination by the Treasury Department.....	<u>220,000.00</u>

Total Current Liabilities	\$ 674,457.32
RESERVE FOR CONTINGENCIES.....	116,554.47

FUNDED OBLIGATIONS (Less Amounts Purchased in anticipation of Sinking Fund requirements):

Mid-West Box Co.:

**First Mortgage 6½% Bonds, due July 1, 1940.....	\$ 400,000.00
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CONTAINER CORPORATION OF AMERICA:

First Mortgage Sinking Fund 6% Bonds, due June 15, 1946.....	4,421,000.00
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Ten Year 6% Debentures, due June 15, 1936.....	<u>775,000.00</u>	5,596,000.00
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Net Worth:

PREFERRED STOCK:

Mid-West Box Co.:

Authorized 75,000 shares; issued 16,897; retired 5,691; in treasury 282	
Series A—8% Cumulative—8,355 shares.	\$ 835,500.00
Series C—6% Cumulative—2,569 shares.	256,900.00
	<u>\$ 1,092,400.00</u>

Container Corporation of America:

Authorized 150,000 shares; issued 25,000; retired 3,000	
7% Cumulative—22,000 Shares.....	2,200,000.00
	<u>\$3,292,400.00</u>

COMMON STOCK:

Class A—Authorized 350,000 shares par value \$20.00 each (50,000 shares reserved for purchase warrants issued with debentures) issued 252,164 shares	<u>\$5,043,280.00</u>
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Class B—Authorized 590,000 shares of no par value, issued 508,289 shares.....	\$4,810,307.69
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Less Goodwill and Patents	1,160,825.03
	<u>\$3,649,482.66</u>

Together.....	8,692,762.66	
Surplus.....	<u>1,058,803.42</u>	13,043,966.08
		<u>\$19,430,977.87</u>

CONTAINER CORPORATION OF AMERICA

AND SUBSIDIARY COMPANIES

Summary of Consolidated Profit and Loss Accounts for the Year Ended December 31, 1927

NET PROFIT FROM SALES

after deducting cost of sales including Raw Materials,
Labor, and Overhead, exclusive of Depreciation; and Selling
and Administrative Expenses \$2,597,624.98

DEDUCT—PROVISION FOR DEPRECIATION 589,360.07

Net Profits from Operations \$ 2,008,264.91

ADD—MISCELLANEOUS INCOME (NET) 88,080.84

\$2,096,345.75

DEDUCT—INTEREST CHARGES:

Bond Interest and Discount \$447,434.18

Other Interest Charges 19,163.10 466,597.28

Net Profits Before Income Taxes \$1,629,748.47

DEDUCT—PROVISION FOR FEDERAL INCOME TAXES 220,000.00

Surplus Net Profits \$1,409,748.47

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARY COMPANIES

Summary of Consolidated Surplus Accounts For the Year Ended December 31, 1927

BALANCE AT JANUARY 1, 1927	\$	281,802.73	
SURPLUS NET PROFITS FOR THE YEAR 1927		1,409,748.47	
		<u>1,691,551.20</u>	
DEDUCT—MISCELLANEOUS SURPLUS CHARGES AND CREDITS (NET)		91,775.23	
		<u>\$1,599,775.97</u>	
DEDUCT—DIVIDENDS PAID OR ACCRUED:			
Container Corporation of America:			
7% Preferred Stock.....	\$169,750.00		
Class A Common Stock....	201,731.20		
Class B Common Stock....	76,243.35	\$447,724.55	
		<u>540,972.55</u>	
Mid-West Box Co.:			
Series A—8% Preferred.....	\$ 75,794.00		
Series C—6% Preferred.....	17,454.00	93,248.00	
		<u>540,972.55</u>	
Balance at December 31, 1927	<u>\$1,058,803.42</u>		

ARTHUR ANDERSEN & Co.

CERTIFIED PUBLIC ACCOUNTANTS

HARRIS TRUST BLDG.

111 WEST MONROE ST.

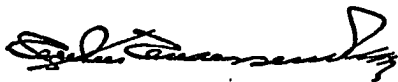
CHICAGO

Auditors' Certificate

We have examined the accounts of the CONTAINER CORPORATION OF AMERICA and its subsidiary, the Chicago Mill Paper Stock Company, for the year ended December 31, 1927, and have prepared and submit herewith a Consolidated Balance Sheet, Statement of Consolidated Profit and Loss Accounts, and Summary of Consolidated Surplus Accounts, including therein the accounts of the Mid-West Box Co. (consisting of assets \$3,499,159.97, liabilities including inter-company accounts \$1,117,057.86, net worth \$2,382,102.11, and surplus net profits \$547,032.15), as certified by Messrs. Ernst & Ernst.

Subject to the foregoing, we certify that in our opinion the accompanying statements fairly present the financial position of the combined companies at December 31, 1927, and the results from operations for the year ended that date.

ARTHUR ANDERSEN & Co.



Chicago, Illinois,
January 31, 1928.

CONTAINER CORPORATION OF AMERICA CHICAGO, ILLINOIS



Directors

F. G. BECKER, Chicago, Ill.

J. P. BRUNT, Chicago, Ill.

E. R. HANKINS, Chicago, Ill.

JOHN JACOBS, Philadelphia, Pa.

LEON L. LOEHR, Chicago, Ill.

R. L. McCLELLAND, Chicago, Ill.

WALTER P. PAEPCKE, Chicago, Ill.



Officers

President

WALTER P. PAEPCKE

Executive Vice-President

J. P. BRUNT

Vice-Presidents

F. G. BECKER

E. R. HANKINS

Treasurer

J. E. COOKSON

Secretary

H. D. DAVIS

CONTAINER CORPORATION OF AMERICA

CHICAGO, ILLINOIS

Transfer Agent

FIRST TRUST AND SAVINGS BANK
Chicago, Ill.

THE NATIONAL CITY BANK OF NEW YORK
New York, N. Y.

Registrar

ILLINOIS MERCHANTS TRUST COMPANY
Chicago, Ill.

THE NATIONAL PARK BANK OF NEW YORK
New York, N. Y.

Plant Operations

Factories

CHICAGO, ILL.
ANDERSON, IND.
CLEVELAND, OHIO
CINCINNATI, OHIO (Two)
FAIRMONT, W. VA.
CHARLESTON, W. VA.
PHILADELPHIA, PA.

Mills

CHICAGO, ILL.
KOKOMO, IND.
CINCINNATI, OHIO
CIRCLEVILLE, OHIO
PHILADELPHIA, PA.

Branch and Sales Offices

NEW YORK, N. Y.	INDIANAPOLIS, IND.
PHILADELPHIA, PA.	DAYTON, OHIO
CHICAGO, ILL.	ST. LOUIS, MO.
CLEVELAND, OHIO	DENVER, COLO.
PITTSBURGH, PA.	LOS ANGELES, CALIF.
CINCINNATI, OHIO	

Subsidiary Companies

CHICAGO MILL PAPER STOCK COMPANY
MID-WEST BOX COMPANY